

Statement of
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Department of State
Before
The Subcommittee on the Western Hemisphere
Committee on International Relations
October 19, 2005

Mr. Chairman and members of the committee:

Thank you for the opportunity to speak this morning about the Caribbean and U.S. foreign policy. Chairman Burton, you have set before us an ambitious agenda that covers the Caribbean landscape exceptionally well and offers ample opportunity to address the challenges and opportunities that face Caribbean and U.S. policy makers alike.

The Caribbean remains a high priority for this Administration. President Bush and Secretary Rice share a deep appreciation of the importance of our relationships with our neighbors in the strategically located Caribbean basin, and Secretary Rice is committed to sustaining and broadening our dialogue with Caribbean leaders. In the past four months, she has already met twice with her CARICOM counterparts, and we are working on scheduling a follow on meeting for early next year.

These meetings underscore the depth of our shared interests with the leaders and peoples of the Caribbean region and reaffirm our mutual commitment to democracy and free markets. This is particularly important at a time when countries such as Cuba and Venezuela are promoting an alternative and regressive vision for the region's future.

Such meetings allow us an opportunity to encourage greater Caribbean engagement with Haiti, which is an issue we do not always see eye to eye on with our Caribbean partners. Haiti remains a great challenge,

but an opportunity as well, to work with our Caribbean partners to address the legacies of instability and economic privation that have been present in the country for too long.

By now over 3 million Haitians have registered to vote in the upcoming elections. We are working with the international community to ensure that the interim government maintains its commitment to carrying them out in a timely fashion in a secure environment.

Much needs to be done to prepare for these elections, and to move Haiti forward to a democratic future. Our partners in CARICOM have a crucial role to play in the effort, and we are encouraging them to help Haiti by assisting with the electoral process and by readmitting Haiti to full CARICOM membership. While they are gearing up to provide election support, they remain reluctant to bring Haiti back into the organization.

As for Cuba and Venezuela, they are both actively engaged in the region. Cuba employs diplomatic outreach, the deployment of medical personnel and services to Caribbean countries and offers of scholarships and assistance to Caribbean students to study in Cuba. Likewise, Venezuela maintains an active diplomatic presence throughout the Caribbean basin and provides aid to several of the smaller islands. Most recently, Hugo Chavez launched Petrocaribe, a scheme to create a network of state-run oil enterprises to market Venezuelan oil. Venezuela's concept for Petrocaribe undermines the position of private sector companies in the region and advances his "Bolivarian alternative" trade and economic agenda.

Despite Cuban and Venezuelan attempts to drive a wedge between the U.S. and its Caribbean partners, Caribbean countries have not been lured by failed statist ideologies. Nor have differences of opinion over Haiti undermined the solid foundations of our relations with our Caribbean neighbors. Shared values and common interests have proven durable and will remain important as together we face the stresses and dislocations of a rapidly changing world.

Caribbean countries can be proud of their democratic traditions and institutions, but they face critical challenges at the outset of the twenty-first century. The economies of the region are small, dominated by a few sectors, such as agriculture and tourism, and vulnerable to external shocks and natural disasters.

For instance, the recession suffered in the U.S. after September 11 generated a Caribbean aftershock, particularly in the tourism industry. While economic recovery is underway, debt levels have soared to unsustainable levels, running between 100 and 150 percent of many countries' GDPs.

Excessive debt and continued dependence on tourism and a few principal, primarily agricultural exports are significant impediments to growth in Caribbean economies. Over time, stagnating economic performance and exceptionally high debt levels, coupled with crime and corruption, will significantly undermine personal security, erode public confidence in regional governments and allow a greater foothold for a variety of transnational threats, from criminals and, potentially, terrorists. The small size and limited law enforcement capabilities of Caribbean island nations make them particularly vulnerable to international criminal organizations with the resources to undermine local governments, threaten stability, weaken economies, and discourage investment.

Seizing Opportunity

The twenty-first century not only presents challenges, it also presents opportunities, and the people of the Caribbean widely recognize that the United States remains their best partner in crafting strategies to take advantage of changing circumstances. Mindful of the many ties that bind our country to the region – its proximity, the volume of trade we engage in, the large numbers of Americans of Caribbean descent, the massive flows of tourists between the U.S. and Caribbean – we are their willing partner in the effort to revitalize their economies, strengthen their democracies, provide opportunity to their citizens and enhance their security.

Open economies and expanded trade are the best means to promote sustained growth and lift people from poverty. The countries of the Caribbean have a long tradition of market-oriented development. The thrust of U.S. development assistance in the Caribbean is aimed at helping Caribbeans take advantage of emerging regional and global trading opportunities by addressing systemic weaknesses, such as corruption and outdated legal frameworks, which impede trade competitiveness. We also seek to preserve and expand the gains made in the past two decades under

the Caribbean Basin Initiative. We continue to encourage full and constructive Caribbean participation in FTAA negotiations and stand ready to engage the region in serious trade discussions. Our Caribbean trading partners, however, need to ready themselves by promoting regional economic integration through the Caribbean Single Market Economy.

Investing in People

Caribbean governments have been adept at marshalling their well-educated human capital and drawing a sense of common purpose among their citizens to forge successful market democracies. Like us, they believe that citizens can best seize the opportunities presented by the world we live in when governments develop their potential through education and healthcare and remove obstacles to human initiative. They welcome our support for their efforts to invest in their citizens.

One critical element in this area is the President's Millennium Challenge Account, which, as you know, makes available funding to countries whose governments uphold the rule of law, maintain a commitment to free enterprise and open markets, combat corruption and make critical investments in human capital.

While Guyana has been the only country from the Caribbean region selected to participate in MCA's "threshold" program, and eligible to receive assistance to undertake policy reforms needed to qualify for further assistance, we are actively working with all potentially eligible lower and middle income Caribbean countries to encourage the reforms needed to increase their chances of accessing MCA funds in the future. In the meantime, initiatives, such as USAID's Jamaica-based Center for Excellence for Teacher Training help Caribbean countries maintain the advantage they hold over other developing economies in their well educated and trained citizens.

Another vital component of our investment in people is improving health. Transmission of infectious diseases, particularly HIV/AIDS -- within the region, and to the United States -- is a growing concern. Through traditional healthcare assistance, supplemented by the President's HIV/AIDS initiative, we are providing the Caribbean with more than \$75 million to target vulnerable populations.

Building on Strong Democratic Traditions

The key lesson offered by chronic instability in many countries in the hemisphere has not been lost on Caribbean leaders: weak democratic institutions are the root cause of most, if not all, of the recurring political crises plaguing the most troubled of their neighbors. Caribbean countries are determined to maintain and strengthen their democratic traditions and institutions. And of course, democracy remains one of our own top priorities for the region.

In Haiti, we have an opportunity to help the Haitian people break free from the cycle of instability and violence that has thwarted every effort to improve their lives. While the road to electing and inaugurating a new government is a difficult one, we are working hard with the UN and OAS to help the Haitians achieve this goal. Our ongoing development assistance and support for rule of law and democratic institutions will provide the newly elected government the help it needs to carry forward reform and training of the Haitian National Police, strengthen the judiciary, carry out anti-corruption programs, promote economic growth and protect human rights.

Elsewhere in the Caribbean, our support for democratic reforms and good governance is aimed at building local government capabilities, enhancing participatory democracy, and encouraging broad policy reforms that allow citizens to decide what is best for themselves.

Strengthening Security Cooperation

Finally, Caribbean nations have modest defense capabilities that they are using to best advantage. We were all impressed late last year, for example, by the deployment of forces from Trinidad and Tobago and by the Barbados-based Regional Security System to Grenada to help in the aftermath of Hurricane Ivan. Caribbean countries clearly have the will and the ability to act collectively when responding to calamity.

Caribbean leaders are well aware of their vulnerabilities, and actively seek to cooperate with each other and with us. We believe that cooperation among policy and security officials in countering traditional criminal threats

and the new menace of global terrorism, while strong, should be strengthened. In FY 2005, we provided slightly more than \$7 million in security assistance and counter narcotics funding for Caribbean programs. We are also devoting about half of our \$9 million FY 2005 Third Border Initiative (TBI) funding to security related programs.

TBI programs are designed to help Caribbean countries establish more secure borders, safeguard port facilities, strengthen customs and immigration practices and share information among Caribbean authorities to prevent the easy access and transit of criminals and illegal goods that undermine the security of all of our citizens.

Traditional law enforcement cooperation is evolving. The amount of narcotics trafficked through the Caribbean has declined in recent years as new clandestine routes are opened along the Central American-Mexican axis and in the eastern Pacific. At the same time, the U.S. faces growing illegal narcotics activity in other areas of the world. We know that traffickers can shift routes and methods quickly, and, if pressed hard in Mexico and Central America, may again look to the Caribbean basin as a major transit zone. We are working with our partners in the region to increase the efficacy of ongoing counter narcotics efforts, and we are encouraging greater inputs from them to ensure this does not happen.

A final and critical measure of security is how well governments protect their citizens against the impact of natural disasters – how ably they respond when disaster strikes and whether they take preventive measures to mitigate the potential impact of future disasters. This is by no means a theoretical discussion in the Caribbean. While the U.S. bore the brunt of this year's hurricane season, last year was particularly devastating in the region.

We have a strong partnership with Caribbean countries in this key area. We responded quickly and robustly last year after Hurricanes Charley, Francis and Ivan, and Tropical Storm Jeanne struck the region, providing more than \$100 million in immediate relief and medium-term reconstruction assistance.

Our assistance helped clothe, house and feed people struggling in the immediate aftermath of these storms in Grenada, Haiti and Jamaica. It allowed governments and citizens to repair and construct homes and schools, re-surface rural roads, stabilize hillsides, and rehabilitate and improve urban

drainage and agricultural irrigation systems. It put people to work so they could clear out their neighborhoods and, in many cases, re-train and re-tool to take up new trades when their old ones disappeared in the winds and rains.

Most important, we expanded our partnership with Caribbeans in the important area of disaster preparedness, so we can plan our collective response to disaster while it is still over the horizon. Through Third Border Initiative programs, USAID's Office of Foreign Disaster Assistance activities and Caribbean Regional Program and the U.S. Southern Command's Humanitarian Assistance Program, we are working closely with local governments and regional institutions.

Projects we began this past year include those designed to protect tourist infrastructure from natural and man-made disasters, stabilize mudslide-prone hillsides, promote regional consultations among Caribbean disaster experts, provide training and pre-position equipment with emergency response teams. We also are finalizing a project to expand regional weather forecasting and response capabilities by improving radar, aircraft and oceanic surveillance to provide better advance warning of a variety of natural events and upgrading regional information-sharing links to U.S. tracking networks.

The Caribbean is a region of tremendous economic potential, with hardworking and well-educated people willing to take the necessary risks and make the effort needed to improve their lives and put their countries on a path to sustained development and lasting security.

The Bush Administration remains a creative partner in reinforcing the positive qualities, such as democracy, free market principles and deep respect for individuals, which have earned Caribbean countries the successes they have achieved since independence.

Thank you very much. I look forward to answering your questions.